

Corporate Express Australia

Tour of Erskine Park Warehouse facility

December 2008

Agenda

Arrive (by bus)		10:30am	
Welcome and morning tea	Grant Harrod	10:30am	11:00am
Warehouse - Background	Garry Chalmers	11:00am	11:15am
Warehouse Tour	Garry Chalmers / Anwar Feghali	11:15am	12:00pm
Lunch		12:00pm	12:30pm

Presentations

Introduction

Project Oxford update

Merchandising

nXtgen

Velocity

Trading update and close

Q & A

Bus departs

1:30pm

Warehouse Background

Garry Chalmers

Erskine Park

Regional Distribution Centre

- Consolidation of 5 disparate Sydney distribution centres
- Construction commenced Sep 2007, practical completion June 2008, full operational transition completed Sep 2009
- Construction by Australand Holdings Limited
 - 900 tonnes steel, 12,000 m³ concrete, 10kms of cable, 150kms racking
- Total area 43,000 m²
- 250 employees, 300 car parking spaces



Erskine Park

Regional Distribution Centre

Ecologically Sustainable Design Aspects

- Industrial sector environmental showpiece
- Cost-effective, innovative sustainability elements
- North facing orientation for maximum natural light
- Saving of 1,600 tonnes of carbon per year (400 cars)
- Cogeneration power system (natural gas turbine)
- Rainwater harvesting for irrigation and toilets
- Bio-filtration stormwater cleansing system
- Warehouse roof construction 12% skylights
- Smart lighting systems, offices and warehouse
- Facility well placed to be first green-rated industrial development in Australia



Erskine Park

Leading edge technology

- Latest version of world's leading warehouse management technology system
- Full radio frequency (RF) capability
- 'Real time' tracking of all inventory movements
- Move away from high-cost, inflexible automation systems
- Flexibility of highly efficient batch picking using mobile picking carts



Distribution Centre Tour

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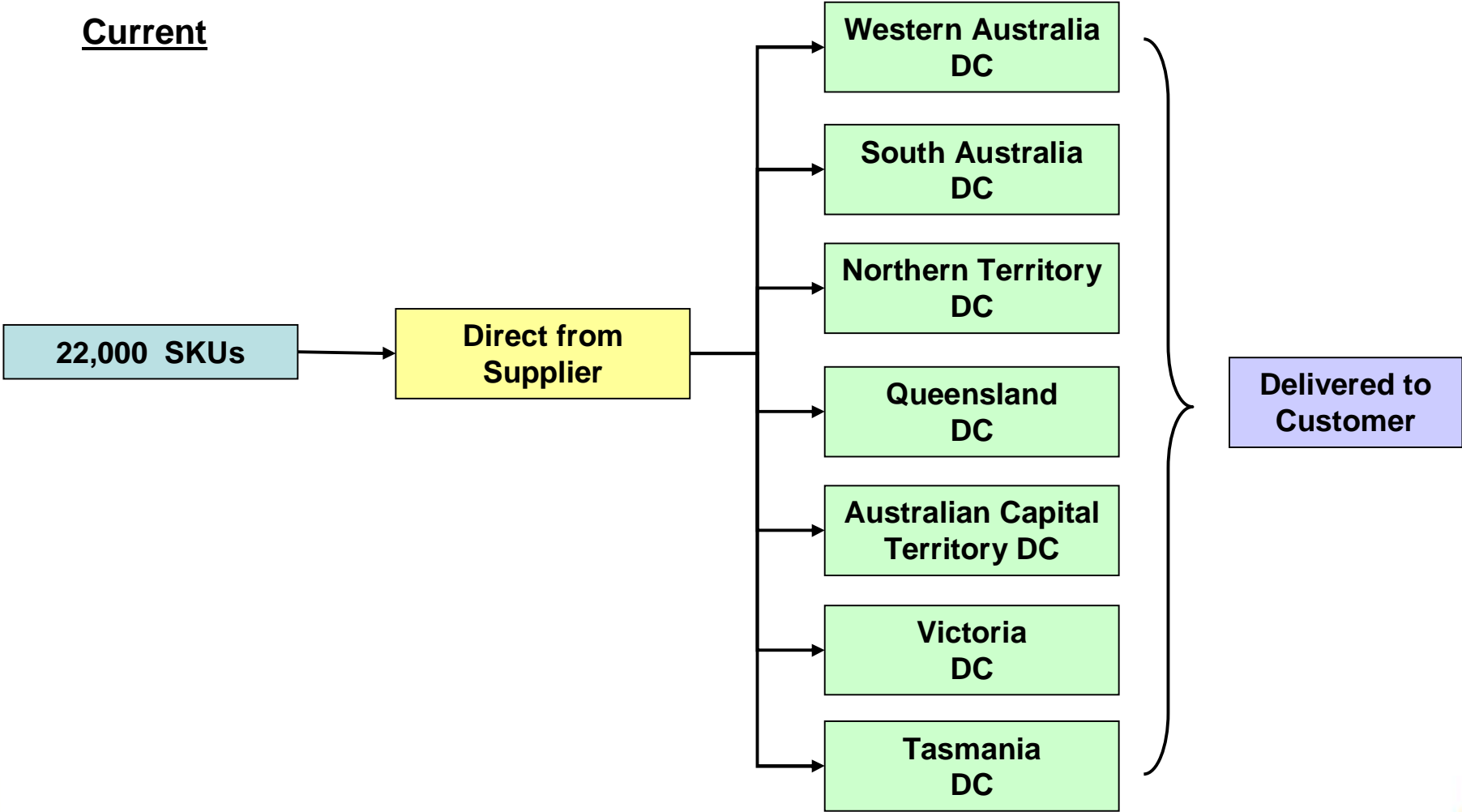
Bus departs

1:30pm

Project Oxford

Distribution Strategy

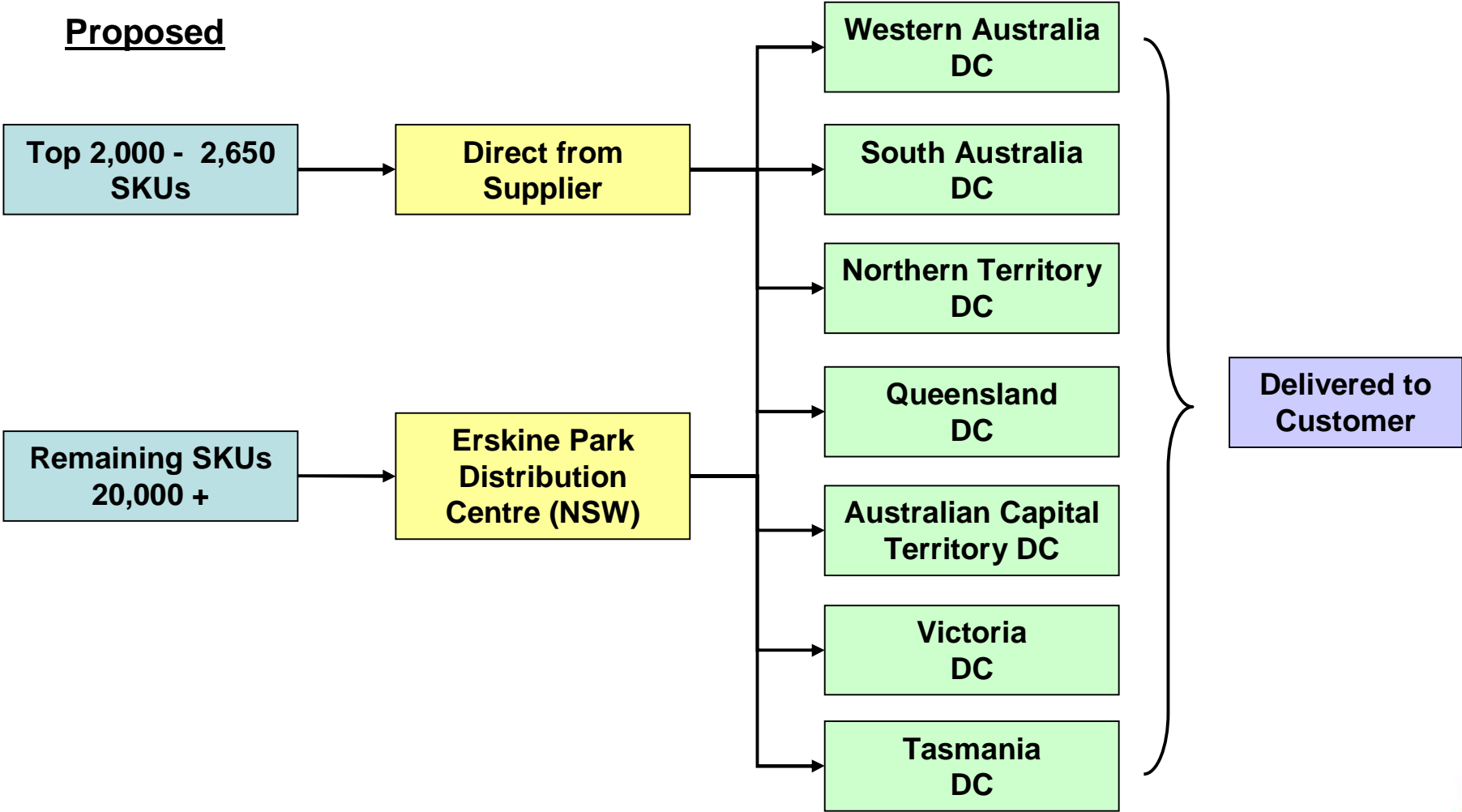
Current



Project Oxford

Distribution Strategy

Proposed



Project Oxford

- Key findings of initial study;
 - Order to delivery lead time will improve as a result of the reduction in backorders attributable to slow moving inventory lines
 - Total number of invoices generated will increase due to the splitting of order picking between state DCs and Erskine Park. This will be mitigated by using delivery notes and invoice consolidation processes.
- Pilot a proof of concept site early in 2009
- Once proof of concept is complete, we will rollout across all major warehouses.
- Cost savings will be generated from:
 - reductions in inventory holdings;
 - reduced inventory write downs;
 - backorders; and
 - improved operating efficiency
- This will also provide an excellent cost avoidance opportunity as we are able to substantially extend the life of all our facilities
- Cost savings for 2009 = \$2m

Staples Synergy

Staples Background

- World's largest office products company, US \$27billion annual sales, 95,000 employees, operating in 27 countries
- Acquired CENV and its 59% shareholding in July 2008

Private Brand

- Staples has a substantial sourcing infrastructure in Shenzhen China
- Intention to migrate to global branding for 2010 Catalogue

OEM Brand

- Collaborative sourcing to leverage Staples global volume

Global Customer Program

- Opportunities to increase global customer offer

nXtgen – Business Transformation Program

Benefits

- Financial benefits \$13 million per annum (pre depreciation), anticipated to start 2010
- Provide for long term growth
- Reduce business complexity

Risk Management

- Highly experienced dedicated project team, substantial experience and strong track record – successfully managed Projects Ulysses, Horizon, One Source etc
- Phased rollout with realistic timeframe
- SAP already used in a number of the Staples/CE businesses
- Strong change management and governance focus
- Solid foundation with completion of standardisation of Business processes

nXtgen – Business Transformation Program

Phase 1 (2006-2008)

- Standardise business process
- Select new core business system, (SAP chosen)
- Commenced scoping

ü Completed

Phase 2 (2008-2009)

- Employee Portal, Employee Self Serve and Payroll systems
- Benefits \$1 million per annum (pre depreciation)
- Foundation for new ERP

ü Completed

Phase 3 (2009-2010)

- Rollout new ERP, SAP

On Track

Project Velocity

- Replace state-based structure with functional structure arranged around core customer segments.
- Will allow offer to be differentiated by market segments to capture new growth opportunities and accelerate single source share of wallet strategy.
- Improve sales force efficiency, eliminate doubling up and move more resources to frontline selling.
- Allow infrastructure to be leveraged across states, to reduce duplication – break down P&L driven state boundaries.

Reporting Changes

- Change in finance year end has been implemented

Therefore:

- Close 12 months to December 2008
- Release results – Appendix 4F – end February 2009
- December results will be unaudited
- Will complete 13 months to January 2009
- Results will be released – Appendix 4E – mid March 2009
- Annual report will be for the 13 months
- Following year will then be February 2009 – January 2010

Outlook

- Single Source B2B model remains the key driver of shareholder value
- Business transformation strategy to:
 - Build the business for tomorrow
 - Drive business efficiencyThese include
 - Operations (Project Oxford)
 - Sales (Project Velocity)
 - Merchandising (Staples Synergy)
 - nXtgen – HR
 - Anticipated gross savings for 2009 = \$8.0m, (net \$6.0m)

Outlook

- We expect to see:
 - All markets to remain soft, particularly large customers
 - Expect sales of discretionary and capex related products will slow
- We will aim to continue driving earnings growth via:
 - Increasing share of wallet across all segments
 - Mid Market expansion
 - Improve business efficiency
- Guidance
 - We are on track to achieve earnings for 2008, broadly consistent with current analysts consensus forecasts*. This is a range of \$59.7 million to \$62.9 million for FY2008 net profit after tax after allowing for one off costs.

* Current analysts are those that updated their forecasts following our first half results release.

Q & A



Thank You

This announcement may include forward looking statements. There can be no assurance that the actual results will not differ from the company's expectations. Factors which could cause material differences include, among others, possible negative economic conditions, significantly increased competitive activity, uncertainties related to the implementation of new business growth activities, and the successful completion and integration of any acquisitions.

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